

Farm Service Agency, USDA

§ 762.110

former PLP lenders) in submitting loan guarantee requests. They may reapply for CLP or PLP status when the problem causing them to lose their status has been resolved.

[64 FR 7378, Feb. 12, 1999; 64 FR 38298, July 16, 1999, as amended at 70 FR 56107, Sept. 26, 2005; 71 FR 43957, Aug. 3, 2006; 75 FR 54013, Sept. 3, 2010]

§§ 762.107–762.109 [Reserved]

§ 762.110 Loan application.

(a) *Loans for \$125,000 or less.* All lenders except PLP lenders will submit the following items:

(1) A complete application for loans of \$125,000 or less must, at least, consist of:

- (i) The application form;
- (ii) Loan narrative;
- (iii) Balance sheet;
- (iv) Cash flow budget, unless waived when conditions in paragraph (d) of this section are met;
- (v) Credit report;
- (vi) A plan for servicing the loan;
- (vii) For CL guarantees, a copy of the conservation plan;
- (viii) To request consideration for priority funding for CL guarantees, plans to transition to organic or sustainable agriculture when the funds requested will be used to facilitate the transition.

(2) In addition to the minimum requirements, the lender will perform at least the same level of evaluation and documentation for a guaranteed loan that the lender typically performs for non-guaranteed loans of a similar type and amount.

(3) The \$125,000 threshold includes any single loan, or package of loans submitted for consideration at any one time. A lender must not split a loan into two or more parts to meet the threshold thereby avoiding additional documentation.

(4) The Agency may require lenders with a lender loss rate in excess of the rate for CLP lenders to assemble additional documentation from paragraph (b) of this section.

(b) *Loans over \$125,000.* A complete application for loans over \$125,000 will require items specified in paragraph (a) of this section, plus the following items

unless waived when conditions in paragraph (d) of this section are met:

- (1) Verification of income;
- (2) Verification of debts over \$1,000;
- (3) Three years financial history;
- (4) Three years of production history (for standard eligible lenders only);
- (5) Proposed loan agreements; and,
- (6) If construction or development is planned, a copy of the plans, specifications, and development schedule.

(c) *Applications from PLP lenders.* Notwithstanding paragraphs (a) and (b) of this section, a complete application for PLP lenders will consist of at least:

- (1) An application form;
- (2) A loan narrative;
- (3) For CL guarantees, a copy of the conservation plan;
- (4) To request consideration for priority funding for CL guarantees, plans to transition to organic or sustainable agriculture when the funds requested will be used to facilitate the transition.
- (5) Any other items agreed to during the approval of the PLP lender's status and contained in the PLP lender agreement.

(d) *Streamlined CL guarantee.* For CL guarantee applicants meeting all the following criteria, the cash flow budget requirement in this section will be waived:

- (1) Be current on all payments to all creditors including the Agency (if currently an Agency borrower),
 - (2) Debt to asset ratio is 40 percent or less,
 - (3) Balance sheet indicates a net worth of 3 times the requested loan amount or greater, and
 - (4) FICO credit score is at least 700.
- For entity applicants, the FICO credit score of the majority of the individual members of the entity must be at least 700.

(e) *Submitting applications.* (1) All lenders must compile and maintain in their files a complete application for each guaranteed loan. See paragraphs (a), (b), and (c) of this section.

(2) The Agency will notify CLP lenders which items to submit to the Agency.

(3) PLP lenders will submit applications in accordance with their agreement with the Agency for PLP status.